

# Woman C.P.A.

---

Volume 9 | Issue 4

Article 3

---

6-1947

## Tax News

Mary Lanigar

Follow this and additional works at: <https://egrove.olemiss.edu/wcpa>



Part of the [Accounting Commons](#), [Taxation Commons](#), and the [Women's Studies Commons](#)

---

### Recommended Citation

Lanigar, Mary (1947) "Tax News," *Woman C.P.A.*: Vol. 9 : Iss. 4 , Article 3.

Available at: <https://egrove.olemiss.edu/wcpa/vol9/iss4/3>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Woman C.P.A. by an authorized editor of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

MARY LANIGAR, C.P.A., Beverly Hills, California

## FEDERAL TAX ADMINISTRATION AND PROCEDURE

Federal taxes are administered by the Bureau of Internal Revenue of the Treasury Department, which is under the supervision of the Commissioner of Internal Revenue. The Income Tax Unit deals with income taxes, and the Miscellaneous Tax Unit administers estate taxes, excise taxes, and other miscellaneous Federal taxes. Offices of Collectors of Internal Revenue and of Revenue Agents in Charge are situated in larger cities throughout the country. The Collectors' offices are responsible for actual collection of tax revenue and the Agents' offices are charged with investigation of returns and determination of tax liability.

The computation of tax by the taxpayer upon his return is actually a self-assessment of tax and an authorization for collection of the amount shown by the return. If the taxpayer later determines that his liability was understated, he may file an amended return and pay the additional tax. If he determines that his tax has been overpaid he must file a refund claim setting forth under oath the grounds upon which the refund is claimed. A refund claim must be filed on the prescribed form (843), and it must be filed within the period of statutory limitations (usually three years after due date of the return or two years after payment of the tax whichever is later).

After returns are filed they are checked for mathematical accuracy and notices of errors in computation of tax are mailed quite promptly. Many of the larger returns and certain of the smaller ones are referred of the office of the Revenue Agent in Charge of the division in which the return was filed for office or field audit. Employees of the Bureau of Internal Revenue have authority to examine records or take testimony from persons with reference to matters required by law to be included in the returns under examination. The taxpayer is furnished a copy of the Revenue Agent's report setting forth the results of the audit. If the report shows an overpayment of tax a proper refund claim must be filed to obtain the refund due. If the report shows an additional tax due, the letter accompanying it will usually notify the taxpayer that he has 30 days within which to protest the proposed adjustments. If he agrees to the adjustments he may sign a waiver consenting to the assess-

ment. Signing of a waiver (Form 870 or Form 874) saves interest as no interest is charged after 30 days from the filing date of the waiver. If the taxpayer does nothing when he receives the 30-day letter, the tax will be assessed automatically and the Collector will mail a demand for payment.

If the taxpayer does not agree to the Revenue Agent's findings, he must file a protest to the Revenue Agent in Charge. The protest should state the objections and all facts upon which the taxpayer intends to rely. The letter of protest should request a hearing if one is desired. If the protest is prepared by an attorney or agent, it should be accompanied by a signed statement that he prepared the protest and believes the facts to be true. Only an attorney or agent who is enrolled to practice before the Treasury Department may represent the taxpayer at a conference, and he should file a power of attorney and a fee statement before the conference. Certified public accountants who are lawfully engaged in active practice of their profession may be admitted to practice before the Treasury Department as agents.

If the conference in the office of the Agent in Charge does not result in a satisfactory settlement, the case may be submitted to the Technical Staff for a further hearing. The Technical Staff may reverse the Revenue Agent's findings and it has full authority to make final determinations.

If these hearings do not result in an agreement, the Agent in Charge will send a notice of the proposed deficiency to the taxpayer by registered mail. This notice is called a 90-day letter because it notifies the taxpayer that he has 90 days within which to file an appeal to the Tax Court. If no appeal is filed, the deficiency will be assessed. Upon receipt of the 90-day letter, the taxpayer may appeal to the Tax Court or pay the tax and file a refund claim later. If the refund claim is not acted upon within six months or is rejected, the taxpayer may bring suit in the District Court.

The Tax Court (formerly the Board of Tax Appeals) was created by law to review deficiencies asserted by the Commissioner with respect to income taxes and certain other taxes. The Tax Court has jurisdiction only after a deficiency has been asserted. It cannot decide issues pertaining to a year in which an overassessment was determined.